

Executive Summary Report

Appraisal Date 1/1/06 - 2006 Assessment Roll

Specialty Name: Waterfront Properties (Area 12) Lake Union to Shilshole

Sales – Improved Analysis Summary:

Number of Sales: 8

Range of Sales Dates: 1/1/03 – 12/31/05

Sales – Ratio Study Summary:

	Mean Assessed Value	Mean Sale Price	Ratio	COV*
2005 Value	\$2,974,300	\$3,960,500	.751	23.37%
2006 Value	\$3,954,400	\$3,960,500	.998	11.67%
Change	+\$980,100		+.247	-11.70%
% Change	+32.95%		+32.89%	-50.06%

*COV is a measure of uniformity, the lower the number the better the uniformity.

The negative figures of -11.70% and -50.06% represent an improvement.

The % change between the 2005 values and the 2006 values are noted to be large as a result of the one sale on parcel #408880-3975.

Sales used in Analysis: All sales verified as good were included in the analysis.

Total Population - Parcel Summary Data:

	Land	Imps	Total
2005 Value	\$1,777,052,400	\$230,440,900	\$2,007,493,300
2006 Value	\$1,999,817,600	\$261,219,400	\$2,261,037,000
Percent Change	+12.54%	+13.36%	+12.63%

Conclusion and Recommendation:

The total number of the sales sample is noted to be low for standard regression analysis, however since the values recommended in this report improve uniformity and equity, we recommend posting them for the 2006 Assessment Roll.

Analysis Process:

Specialty

Specialty Area 12 - Lake Union – Shilshole Waterfront Properties

Highest and Best Use Analysis

As if vacant: Market analyses of the area, together with current zoning and current and anticipated use patterns, indicate the highest and best use of the land.

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and therefore are the highest and best use of the property as improved. In those properties where the property is not at its highest and best use a token value of \$1,000 is assigned to the improvements.

Special Assumptions, Departures and Limiting Conditions

The sales comparison, income and cost approaches to value were considered for this mass appraisal valuation.

The following Departmental guidelines were considered and adhered to:

- ✚ Sales from 1/2003 to 12/2005 (at minimum) were considered in the analyses.
- ✚ No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of multiple years of market information without time adjustments averaged any changes over that time period.
- ✚ This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

Description & Boundaries: The Waterfront Specialty area primarily includes the commercially zoned and used waterfront properties located from Portage Bay to Shilshole including the Lake Union and Ballard waterfront neighborhoods. The Elliott Bay Marina and adjacent Pier 90/91 properties are also included. Residential use properties, including houseboats are not included within this specialty.

Maps: A GIS map of the entire area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Physical Inspection Area

50 properties located on the west and north sides of Lake Union were reviewed for the physical inspection of this revalue.

Preliminary Ratio Analysis

A Preliminary Ratio Study was done in June 2006.

The study including sales of improved parcels was performed and showed a COV of 23.37%.

A Ratio Study was completed after deriving the 2006 assessment year values. The results are included in the validation section of this report and show an improvement in the COV from the previous rate of 23.37% to a new rate of 11.67 %.

Land Value:

Land sales, analysis, conclusion

The land valuation consisted of a review of all vacant land sales within Area 12 between 1/2003 through 12/2005. Additional consideration was given to the adjacent upland neighborhood sales with similar zoning. No new market waterfront land sales were known to have occurred during this period therefore land sales from adjacent neighborhoods were considered for this revalue. Sale prices of improved waterfront parcels and adjacent neighborhood land sales suggest the land within this specialty area has increased in value.

Properties within this Waterfront Specialty are regulated by the City of Seattle's commercial shoreline land use policy. The intended use of this policy is to support and preserve the continued use of suitable shoreline areas for water dependent uses and related businesses. Factors included in this revalue, along with the shoreline policy, were location, zoning, lot size, front footage and related available data for the individual properties. The new land values were derived considering these factors when reviewing the vacant land and improved sales.

For land valuation purposes, the assessor used GIS (Geographic Information System) as the primary tool to establish new assessed land values.

The recommended land value for the 2006 Assessment year (taxes payable in 2007) results in an average total change from the 2005 Assessments of +12.54%. The total land assessed value for the 2005 Assessment year for Area 12 was \$1,777,052,400 and the total recommended land assessed value for the 2006 Assessment year is \$1,999,817,600.

Improved Parcel Total Values:

Sales comparison approach model description

The model for sales comparison was based on several data sources from the Assessor's records including LUC (land use code), net rentable area, effective year, condition, and sales price/rentable area. A search was made on data that most closely fit a subject property within each geographic area. All sales were verified when possible by calling either the purchaser, seller, or agent, inquiring in the field, or using the CoStar COMPS services. Characteristic data was verified for all sales if possible. A list of the sales are included within this report.

Sales comparison calibration:

After an initial search for comparable sales within each geographic area, a search is made in neighboring areas and expanded to include all of King County if necessary.

Cost approach model description

A cost approach was available using the Marshall & Swift Commercial Estimator. Depreciation was also based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area.

Cost calibration:

Each appraiser valuing by cost can individually calibrate Marshall-Swift valuations to specific buildings in our area by accessing the parcel computerized valuation model supplied by Marshall & Swift.

Income Capitalization Approach Model Description

The specialty properties were related to similar waterfront properties when ever possible. Income data for established improved properties within the shoreline area, including office buildings and restaurants, were derived considering upland improved properties when appropriate.

Income approach calibration:

The models were calibrated after setting the base rents by using adjustments based on size, effective age, construction class and quality as recorded in the Assessor's records. The individual property valuation information is available within Assessor records. Additional factors considered were excess land, economic units, or unique features with the property.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

The values for all parcels were individually reviewed by the specialty appraiser before the final value was selected.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust particular characteristics and conditions as they occur in the valuation area.

The Specialty Appraiser recommends application of the Appraiser selected values, as indicated by the appropriate model or method.

The total assessed value for the 2005 assessment year for the Waterfront Specialty properties was \$2,007,493,300. The total assessed value for the new 2006 assessment year is \$2,261,037,000. The total increased by \$253,543,700.

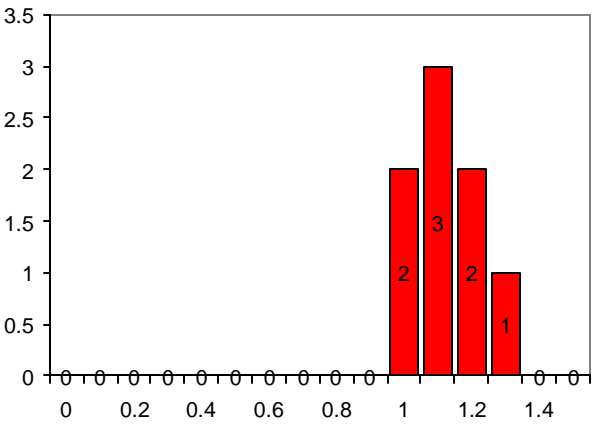
Application of the values for the 2006 assessment year (taxes payable in 2007) results in an average total increase from the 2005 assessments of 12.63%.

Note: More details and information regarding aspects of the valuations and the report are retained in the working files and folios kept in the appropriate district office.

Area 012
2006 Assessment Year
Sales Used with 2005 AV

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:
East Crew	1/1/2005	6/1/2006	1/1/03 - 12/31/05
Area	Appr ID:	Prop Type:	Trend used?: Y / N
12	EPRE	Improvement	N
SAMPLE STATISTICS			
Sample size (n)	8	<div>Ratio Frequency</div>	
Mean Assessed Value	2,974,300		
Mean Sales Price	3,960,500		
Standard Deviation AV	2,914,459		
Standard Deviation SP	5,915,778		
ASSESSMENT LEVEL			
Arithmetic mean ratio	0.999		
Median Ratio	1.039		
Weighted Mean Ratio	0.751		
UNIFORMITY			
Lowest ratio	0.4991		
Highest ratio:	1.2575		
Coefficient of Dispersion	15.30%		
Standard Deviation	0.2335		
Coefficient of Variation	23.37%		
Price-related Differential	1.33		
RELIABILITY			
95% Confidence: Median			
Lower limit	0.499		
Upper limit	1.258	These figures reflect reflect current sales and their effect on the present assessment values.	
95% Confidence: Mean			
Lower limit	0.838		
Upper limit	1.161		
SAMPLE SIZE EVALUATION			
N (population size)	407		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.2335		
Recommended minimum:	72		
Actual sample size:	8		
Conclusion:	Low Sample Size		
NORMALITY			
Binomial Test			
# ratios below mean:	4		
# ratios above mean:	4		
z:	-0.353553391		
Conclusion:	Normal*		
*i.e., no evidence of non-normality			

Area 012
2006 Assessment Year
Sales Used with 2006 AV

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:				
East Crew	1/1/2006	6/1/2006	1/1/03 - 12/31/05				
Area	Appr ID:	Prop Type:	Trend used?: Y / N				
12	EPRE	Improvement	N				
SAMPLE STATISTICS							
Sample size (n)	8	<div>Ratio Frequency</div> 					
Mean Assessed Value	3,954,400						
Mean Sales Price	3,960,500						
Standard Deviation AV	5,306,614						
Standard Deviation SP	5,915,778						
ASSESSMENT LEVEL							
Arithmetic mean ratio	1.067	<div>These figures reflect reflect current sales and their effect on the recommended assessment values.</div>					
Median Ratio	1.017						
Weighted Mean Ratio	0.998						
UNIFORMITY							
Lowest ratio	0.9047						
Highest ratio:	1.2792						
Coefficient of Dispersion	9.15%						
Standard Deviation	0.1245						
Coefficient of Variation	11.67%						
Price-related Differential	1.07						
RELIABILITY							
95% Confidence: Median							
Lower limit	0.905						
Upper limit	1.279						
95% Confidence: Mean							
Lower limit	0.981						
Upper limit	1.153						
SAMPLE SIZE EVALUATION							
N (population size)	407						
B (acceptable error - in decimal)	0.05						
S (estimated from this sample)	0.1245						
Recommended minimum:	23						
Actual sample size:	8						
Conclusion:	Low Sample Size						
NORMALITY							
Binomial Test							
# ratios below mean:	5						
# ratios above mean:	3						
z:	0.353553391						
Conclusion:	Normal*						
*i.e., no evidence of non-normality							

**Area 012 – Lake Union to Shilshole Waterfront
Sales Used**

Account #	Property Name	Total NRA	E xcise #	Sale Price	Sale Date	LOT SIZE	WTFT	Zone	Par. Ct.	Remarks
1176001395	CANAL RESTAURANT	7,543	1935995	\$1,800,000	1/28/03	53,488	305	C1-40	1	Restaurant
7442000705	FLOHR METAL FABRICATORS	42,176	1969974	\$2,092,895	6/16/03	90,724	355	IG2 U/65	1	Manufacturing use
1176001360	LAND - CITY OF SEATTLE	0	2010528	\$315,000	12/29/03	7,611	181	C1-30	1	Land Sale
2771605265	MANEY SEAFOOD BUSINESS	42,176	2068228	\$5,000,000	8/30/04	274,780	850	IG1 U/45	1	Manufacturing use
0467000950	AZTECA RESTAURANT	9,601	2076553	\$1,400,000	10/13/04	40,556	200	C1-40	1	Restaurant/ moorage
1176001350	Ballard Bait Restaurant/Offices	2,576	2089192	\$1,125,000	12/9/04	2,694	70	C1-30	1	Restaurant/ office
4088803975	HARBORMASTER BUILDING	51,960	2102581	\$18,500,000	2/18/05	70,903	412	C2-40	3	Office bldg & Marina
2771605310	MARINE CONSTRUCTION & DESIGN	17,608	2126292	\$1,745,000	5/27/05	47,104	0	IG1 U/65	1	Warehouse - non- waterfront